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**House Subcommittee on Telecommunications and the Internet
“How Internet Protocol-Enabled Services Are Changing the Face of
Communications: A Look at Video and Data Services”**

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Chairman Upton, Ranking Member Markey, and members of the subcommittee, thank you for the opportunity to testify today. My name is Robert Ingalls, President of Retail Markets at Verizon. I am responsible for sales and marketing of Verizon products, including broadband, to residential and small business customers.

I want to tell you about the exciting new broadband and video experience Verizon is ready to deliver to consumers. We are deploying a fiber optic network called FiOS, and we have prepared a short video to introduce you to its capabilities.

ROLL VIDEO

FiOS is the first broadband network to use a fiber-to-the-premises architecture. FiOS is capable of delivering 100 megabits downstream and

up to 15 megabits upstream -- which will make it the fastest, most interactive network deployed anywhere in America.

FiOS gives consumers a super-fast broadband data experience, at speeds of up to 30 megabits downstream and 5 megabits upstream. As we move forward, the bandwidth and upstream capacity of the fiber system will allow us to offer customers a number of other exciting services, including FiOS TV.

FiOS TV will provide consumers with a video experience that's different from anything they have today. The tremendous capacity of the fiber system gives us all kinds of room for hundreds of digital video channels, local programming, high-definition and on-demand content. Digital video recording options will allow content to be distributed throughout the home.

What we think customers are really going to like about FiOS is the upstream capacity of the system that will connect them to a world of multi-media and interactive possibilities. Families will be able to quickly and easily produce, store, send and share home videos and share pictures with friends across the country. Other interactive possibilities include — 3-D

gaming, video-on-demand, online shopping, real-time polling, even setting camera angles while watching sporting events.

I think you can see why Verizon is excited and why our customers are so eager for this broadband and video choice to reach the marketplace.

We are deploying FiOS in more than 100 communities across the country. We have begun to introduce FiOS Data, our super-fast Internet service, with excellent results. Our plan is to pass 3 million homes by the end of 2005, with further expansion as fast as technology and the marketplace allow.

We are making all of the necessary preparations for the commercial launch of FiOS TV later this year:

- Obtaining franchises,**
- Signing content deals with broadcasters and programmers,**
- Working with software programmers on interactive features, and**
- Working with hardware developers on set-tops.**

The result will be a compelling video experience for consumers and true video choice for the marketplace.

Regulatory issues, however, are affecting how soon we will enter the video market on a wide scale.

First, current law does not serve innovation well. The law was written for a world where telecom and cable were different technologies and distinct services. In the converged world we're in today, those distinctions make less and less sense.

We need a national broadband policy that does not shoe-horn new technologies into old categories. This national policy should promote broadband deployment, new technologies and increased investment by any provider.

Second, as a local telephone company, Verizon has a franchise to deploy and operate networks. Yet we're being asked to obtain a second franchise to use those same networks to offer consumers a choice in video. We believe this redundant franchise process is unnecessary and will delay effective video competition for years unless a federal solution is enacted soon.

Verizon is sensitive to the needs and concerns of local communities regarding such matters as franchise fees, local access and public interest

content, and we will continue to work to address them. But we believe a streamlined, national franchise process is the fastest route to bringing much-needed choice and competition in the video market.

The era of broadband video has arrived. Verizon is eager to deliver it to our customers. We are also excited by the opportunities to work with software and hardware companies, content developers and distributors to tap the full potential of this great new technology. Together, our efforts will empower consumers, transform communities, and encourage innovation and economic growth across America for years to come.

Thank you. I look forward to answering any questions you may have.

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